

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1417 – HB 1913

March 27, 2011

SUMMARY OF BILL: Removes the state single article tax cap of \$3,200 on all single articles of tangible personal property, except for motor vehicles priced under \$10,000, manufactured and mobile homes, and modular homes when used as primary residences.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$100,123,700

Assumptions:

- According to the Department of Revenue (DOR), statewide sales in excess of \$3,200 were approximately \$6,100,000,000 in FY09-10.
- Three percent growth of these sales during FY10-11 and FY11-12 under current law.
- Statewide sales in excess of \$3,200 in FY11-12 are estimated to be \$6,471,490,000 (\$6,100,000,000 x 103% x 103%) under current law.
- The additional state single article tax that will be levied on the portion of the sales price in excess of \$3,200 will cause a three percent reduction in sales for these single articles of tangible personal property.
- Under this bill, statewide sales in excess of \$3,200 in FY11-12 are estimated to be \$6,277,345,300 (\$6,471,490,000 x 97%). This number is assumed to remain constant.
- Based on information provided by DOR, it is estimated that 42 percent of statewide sales exceeding \$3,200 will be for motor vehicles priced under \$10,000, manufactured and mobile homes, and modular homes when used as a primary residence.
- The state single article tax levied on single articles of tangible personal property is 2.75 percent. The state single article tax is a tax for state purposes only; therefore, none of the increased revenue will be allocated to local governments as state-shared tax revenue.
- The recurring increase in state revenue will be \$100,123,658 [(\$6,277,345,300 x 58%) x 2.75%].

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc